

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF WISCONSIN**

ALVIN BALDUS, CINDY BARBERA,
CARLENE BECHEN, ELVIRA BUMPUS,
RONALD BIENSDEIL, LESLIE W. DAVIS III,
BRETT ECKSTEIN, GLORIA ROGERS,
RICHARD KRESBACH, ROCHELLE MOORE,
AMY RISSEEUW, JUDY ROBSON, JEANNE
SANCHEZ-BELL, CECELIA SCHLIEPP, and
TRAVIS THYSEN, RON BOONE, VERA BOONE,
EVANJELINA CLEERMAN, SHEILA COCHRAN,
MAXZINE HOUGH, CLARENCE JOHNSON,
RICHARD LANGE, and GLADYS MANZANET,

Plaintiffs,

TAMMY BALDWIN, GWENDOLYNNE MOORE,
and RONALD KIND,

Intervenor-Plaintiffs,

v.

Case No. 11-CV-562
JPS-DPW-RMD

Members of the Wisconsin Government Accountability
Board, each only in his official capacity:
MICHAEL BRENNAN, DAVID DEININGER,
GERALD NICHOL, THOMAS CANE,
THOMAS BARLAND, TIMOTHY VOCKE and
KEVIN KENNEDY, Director and General Counsel for the
Wisconsin Government Accountability Board,

Defendants,

F. JAMES SENSENBRENNER, JR., THOMAS E. PETRIS,
PAUL D. RYAN, JR., REID J. RIBBLE, and SEAN P. DUFFY,

Intervenor-Defendants.

VOCES DE LA FRONTERA, INC., RAMIOR VARA,
OLGA VARA, JOSE PEREZ, and ERICA RAMIREZ,

Plaintiffs,

Members of the Wisconsin Government Accountability Board, each only in his official capacity:
MICHAEL BRENNAN, DAVID DEININGER,
GERALD NICHOL, THOMAS CANE,
THOMAS BARLAND, TIMOTHY VOCKE and
KEVIN KENNEDY, Director and General Counsel for
the Wisconsin Government Accountability Board,

Defendants.

Randy F. Cray
Expert Disclosures— Fed. R. Civ. P. 26(a)(2)(B)

STATE OF WISCONSIN)
) ss
COUNTY OF DANE)

Randy F. Cray being duly sworn on oath deposes and says:

1. I am an adult and reside in Stevens Point, Wisconsin. I am a Professor of Economics at the University of Wisconsin – Stevens Point, and my qualifications and list of publications are contained in my curriculum vitae attached as Exhibit A.
2. I am also, since 1986, the Director of the Central Wisconsin Economic Research Bureau (CWERB). The mission of the CWERB is to bring timely economic analysis and information to the UW Stevens Point service area, consisting primarily of Portage, Marathon and Wood Counties, in order to foster economic development in the region. Further details are provided in Exhibit B.
3. I have generated approximately 200 Quarterly Economic Indicator Reports concerning the three-county region. A portion of the most recent report is attached as Exhibit C.
4. It is my opinion, to a reasonable probability, based on my education, training and experience as set forth in Exhibit A, that the three county Central Wisconsin area incorporates a

strong community of shared interests. Supporting data or information, in addition to Exhibit C, includes the following:

- a. Many years ago former Wisconsin Republican Gov. Lee Sherman Dreyfus referred to the four urban areas of Central Wisconsin as a Rural Plex: Wausau, Stevens Point, Marshfield, and Wisconsin Rapids. Essentially he was saying that our area is highly integrated and has a complementary set of economic activities.
- b. Centergy Inc. is an economic development organization located in Wausau that is supported by most of the economic development agencies in Central Wisconsin. Centergy, among many other things, lobbies on the behalf of Central Wisconsin's economic development.
- c. The commuting patterns of workers suggest there is a common labor pool in the region.
- d. Central Wisconsin is one television and radio market. The same ABC, CBS, NBC, FOX and Public Television affiliates serve the entire area. Gannett Newspapers owns all four local newspapers. Radio is basically the same story.
- e. The Central Wisconsin area and communities have very strong ties to the paper industry.
- f. The Central Wisconsin Regional Airport is a joint venture between Marathon and Portage counties.

- g. Of Wisconsin's 72 counties, The University of Wisconsin Stevens Point draws a significant percentage (27% in 2010) of its students from Marathon, Portage and Wood Counties.
- h. The Rural Plex of Central Wisconsin is connected by four lane highways and has short commute times.
- i. The central Wisconsin Region has a highly integrated medical services sector. For example Ministry Health Care and Aspirus and their affiliates are major health care providers in our communities and are major employers in the region.
- j. Wausau is the retail hub of Central Wisconsin. The Wausau Mall and the Rib Mountain shopping area draw heavily from the area population. The Crossroads Commons in Stevens Point-Plover also serves as a regional shopping area.
- k. The agricultural base of our area is predicated on potatoes, green beans, ginseng, corn, cranberries and dairy/cheese production. Moreover, food manufacturing is a large employer in the area.
- l. The insurance industry is highly concentrated in our Central Wisconsin, Sentry Insurance, Liberty Mutual, AIG Travel Guard, and Church Mutual (in Merrill) are all headquartered in our area and are some of our largest employers.
- m. The Wisconsin Valley Improvement Corporation manages the Wisconsin River flowage in our area to ensure that community, recreation, and paper industry needs are fulfilled in our region.

n. Marathon, Portage and Wood counties are much more alike than the surrounding counties in terms of urbanization and employment levels.

5. Other potential exhibits include regional maps of Central Wisconsin, a matter of public record.

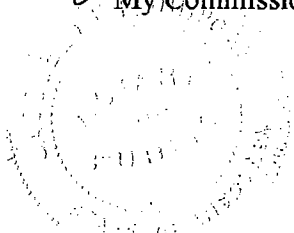
6. I have not testified as an expert at trial or deposition in the last four years.

7. I receive compensation in this matter at the rate of \$100.00 per hour, plus expenses.

Randy F. Cray
Randy F. Cray

Signed and sworn before me
this 13th day of December 2011.

Jacqueline L. Perigo
Notary Public, State of Wisconsin
My Commission Expires: Oct 28, 2012



VITA

Randy F. Cray, Ph.D.

Permanent Address

1364 Sunny Crest Dr.
Stevens Point, WI 54481
(715) 344-0834

Office

School of Business and Economics
College of Professional Studies – CPS 404/402
University of Wisconsin-Stevens Point
Stevens Point, WI 54481
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Education

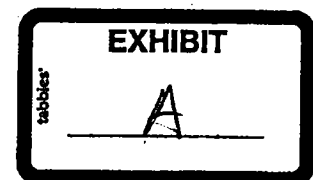
- Ph.D. Kansas State University, Manhattan, Kansas, 1986
Fields of Specialization:
(1) Urban and Regional Economics
(2) Monetary and Fiscal Policy
(3) Economic Theory
(4) Research Methods
- M.B.A. Ball State University, Muncie, Indiana, 1981. Concentration in Economics
- M.A. Ball State University, Muncie, Indiana, 1978. Major: Accounting Minor: Finance
- B.S. Ball State University, Muncie, Indiana, 1975. Major: History Minor: Business Administration; Minor: Geography

Experience

Professor of Economics at the University of Wisconsin-Stevens Point (8/97 - Present)

Director of the Central Wisconsin Economic Research Bureau University of Wisconsin-Stevens Point (7/86 - Present): Responsible for managing the activities of the CWERB. Duties include at one time or other the writing, publication and presentation of the Quarterly Economic Indicator Reports for Marshfield, Stevens Point, Wausau, Wisconsin Rapids, and the Centergy Region.

Chair, Division of Business and Economics, see service section for details, (7/1/95 – 8/01/01)



Associate Professor of Economics at the University of Wisconsin-Stevens Point (8/92 – 7/97)

Assistant Professor of Economics at the University of Wisconsin-Stevens Point (8/86 – 7/92)

Courses taught:

Econ 210: Macroeconomics
Econ 211: Microeconomics
Econ 360: Money and Financial Markets
Bus 352: Financial Management
Econ 374: Regional Economic Growth
Econ 440: Money and Credit Policies
Econ 490: Seminar in Applied Regional Economics

Graduate Research Assistant

Kansas State University (6/84-6/86):

Responsible for developing tables, graphs, and charts for the Kansas Governor's Economic Report.

Graduate Teaching Assistant

Kansas State University (8/81-5/84)

One and a half years teaching experience in introductory economics, and an additional one and a half years experience assisting with study sessions, examinations, grading, etc.

Special teaching assignments - Taught sessions in Business Cycles Forecasting, and Intermediate Macroeconomics

Wolf Creek nuclear power plant consulting project,
Conducted input-output price analysis

Awards and Honorary Societies

Phi Kappa Phi National Honor Society May 2010

UW-System Wisconsin Idea Fellow-recognition of extraordinary service on the behalf of the University of Wisconsin (May 2005)

Excellence in Service Award presented by the Division of Business and Economics (2005)
Excellence in Service Award presented by the Division of Business and Economics (2004)
Excellence in Service Award presented by the Division of Business and Economics (2000)
Excellence in Research Award presented by the Division of Business and Economics (1997)
Excellence in Research Award presented by the Division of Business and Economics (1996)
Excellence in Service Award presented by the Division of Business and Economics (1995)
Nominated by Student Government Association for University Teaching Award (1994)
Excellence in Service Award presented by the Division of Business and Economics (1993)

Excellence in Service Award presented by the Division of Business and Economics (1992)
Distinguished Faculty Achievement Award with a \$500 research stipend presented by the
University of Wisconsin-Stevens Point Academy of Letters and Science (1991)
Excellence in Service Award presented by the Division of Business and Economics UW-
SP (1991)
Excellence in Research Award presented by the Division of Business and Economics UW-
SP (1990)
Received Vice Chancellor's Merit Award (1991) (1992) (1993) (1995) (1997) (1998)
(1999) (2002) (2003) (2004) (2005) (2006) (2007) (2008)
Nominated for Division of Business and Economics Outstanding Teacher Award (1989)
Nominated for Division of Business and Economics Community Service Award (1989)
Beta Gamma Sigma - awarded to the top 5% of Business students; Pi Gamma Mu -
history honorary

Professional Societies (Past and Present)

American Economic Association
Association for University Business and Economic Research (AUBER)
Mid-Continent Regional Science Association
Midwest Business Economics Association
Regional Science Association
Southern Regional Science Association Wisconsin Economic Association
Wisconsin Economic Association

Student Related Activities

Student Research

The CWERB employs student research assistants. In the last five years two have gone on to work on Ph.D.s in economics, the third works for the F.D. I. C. as bank examiner, the fourth is a manager with a car rental company, and two students are currently employed at the CWERB. In addition, employment at the CWERB has served as an internship opportunity for our students. See Professional Growth and Development section, student research papers presented.

Faculty Advisor

Faculty Advisor to the Finance Club from January 1988 to June 1992. The Finance Club was a Division of Business and Economics sanctioned organization. There were approximately 15-20 members. The Finance Club conducted many activities, e.g. guest speakers and tours. Guest speakers have come from Sentry Insurance, M & I First National Bank, Stevens Point, Consolidated Papers and Private Ledger, et al.

Internship Advisor

Supervised eight students' internships. Responsible for student progress and development in the context of a real world work experience and providing them with additional academic content.

Faculty Advisor

Faculty advisor to approximately 30 economics and business majors per semester; Responsibilities include course scheduling and career counseling.

Student Employer

The CWERB provides an excellent educational setting and the opportunity for students to earn funds towards their education. The CWERB employs one or two students who are engaged in the day to day operations of the Bureau. For example there are two former CWERB research assistants in the economics Ph.D. program at Indiana University and one with the Federal Deposit Insurance Corporation. On two occasions I won the University Award as Student Employer of the Year.

Professional Growth and Development

Publications of Applied Research

The director of the CWERB is responsible for generating the operating budget for the organization from private sources. These funds are then used to create and publish the Economic Indicator Reports. In the past 25 years approximately 227 reports have been published by Cray. Moreover, I have garnered approximately \$549,421 in grants from the private sector to fund CWERB operations. The following details the specifics.

- (1) Stevens Point Area Quarterly Economic Indicators 1986-1995,
(Published Semi-Annual after 1996 to the present)
- (2) Wausau Area Quarterly Economic Indicators 1986-2003
- (3) Marshfield Area Quarterly Economic Indicators 1986-2001, (Published
Semi-Annual after 2002 to the present)
- (4) Vital Signs, for the Community Foundation of Greater South Wood County
(Published Semi-Annual 2011 to the present)
- (5) Wisconsin Rapids Area Economic Indicators (Published Semi-Annual 2005-
2006)
- (6) Economic Indicators for the Centergy Region (Published Semi-Annual 2009
and annually 2011)

The activities of the CWERB are annotated in the *Directory of University Resources for Business and Industry*, published by the University of Wisconsin System; in *Grants and Contracts*, a publication of the Association for University Business and Economic Research; *University Research in Business and Economics: a Bibliography of Publications*, a publication of the Association for University Business and Economic Research.

At the behest of Chancellor Sanders and all of the economic development organizations in central Wisconsin, the CWERB conducted research on the local labor force. The research was conducted from January 1994 to April 1995. The project was funded at \$16,000. The ensuing publication, Workforce Needs of Central Wisconsin: a Survey of Area Employers, was made available to educational institutions, economic development organizations, and businesses throughout the area.

Grants/Contracts

During the past 25 years, I have garnered approximately \$549,421 in grants/contracts from the private sector to fund CWERB operations.

In addition, \$500 was awarded from the UWSP Student Research Fund to four students in the Econ 490 class. The grant allowed them to present a research paper at the Midwest Business Economics Association meeting in Chicago. The grant proposal and research paper were co-directed with Dennis Palmmini.

Publications in National Journals

"*Convergence or Divergence? A Study of Regional Business Cycle Patterns among U.S. Census Regions*," with Dennis Palmmini, Regional Science Perspectives, Vol. 22, Number 2, 1992 (Note this article was actually published in late 1993.)

"*Central Wisconsin's Industrial Structure Change 1980-90.*" Wisconsin Workforce 2000: Hearings before the Joint Economic Committee, Congress of the United States. U.S. Government Printing Office.

"*Estimating the Impact of Higher Electric Rates on Intersectoral Prices: An Input-Output Approach.*" The Review of Regional Studies, Vol. 19, No. 2, Spring 1989.

Publications in Conference Proceedings

"*Related Lending: Can the Information and Looting Views be Reconciled?*" With Scott Wallace, Jason Davis, and Tracy Hofer. Published in Proceedings of the 2007 Midwest Business Administration Association Conference: Academy of Business Economics.

"The Role of an Economic Research Bureau in Local Area Development Efforts."
The Proceedings of the 1994 Conference on the Small City and Regional Community,
Vol. II, 1994. University of Wisconsin-Stevens Point.

"Major Factors Influencing Central Wisconsin's Industrial Structure Change 1980-1990." 1992 Proceedings of the Wisconsin Academy of Sciences, Arts, and Letters.

"Diversity among U.S. Census Regions," with Dennis Palmi, the Proceedings of the 1990 Conference on the Small City and Regional Community Vol. 9, 1990.
University of Wisconsin-Stevens Point.

"A Regional Economic Analysis of Central Wisconsin," With Lawrence A. Weiser
The Annual Institute of Wisconsin Studies Conference 1988 Proceedings, University
of Wisconsin - La Crosse.

Conference Papers and Presentations

"U.S. and Wisconsin Economic Conditions", Distinguished luncheon speaker at the
Wisconsin Economics Association Conference, Stevens Point WI, October, 2010.

"Related Lending: Can the Information and Looting Views be Reconciled?" with Scott Wallace,
Jason Davis and Tracy Hofer. Presented at the Midwest Business Administrative
Association Meetings, March, Chicago 2007.

"Economic Insecurity in the Age of Turbulence," with Scott Wallace, Patrick Rathsack, and
Sarah Bauer. By invitation from the Central Wisconsin Economics Research Bureau
Presented in Marshfield on February 29, 2008. Special Report in Fourth Quarter
Report of the Central Wisconsin Economic Research Bureau.

"Unsteady Ground: The Rise of Economic Insecurity," with Scott Wallace, Alex Richter, and
Patrick Rathsack. By invitation from the Central Wisconsin Economics Research Bureau.
Presented in Stevens Point on May 11, 2007. Special Report in First Quarter 2007
Report of the Central Wisconsin Research Bureau.

"Assessment Process at UWSP- The Mission Statement", Wisconsin Economic
Association, Stevens Point, WI, October 20, 2006.

"The Economic Indicators for Central Wisconsin", Conference on the Small City and
Regional Community, October 1, 2004 Stevens Point, Wisconsin.

*"Wisconsin Real Gross State Product: A Shift-Share Analysis of Economic
Performance."* Midwest Business Economics Association Annual Meeting, Chicago,
March 2003.

"U.S. and Wisconsin Macroeconomic Conditions", Wisconsin Economics Association
Conference, Wisconsin Dells, October 20, 2001.

"Workforce Needs of Central Wisconsin: a Survey of Area Employers," with R. Enright, at the Mid-Continent Regional Science Association Conference, Madison, WI, and June 5-8, 1996.

"Central Wisconsin Economy," Wisconsin Economics Association Conference, Stevens Point, Wisconsin. October, 1995.

"The Role of an Economic Research Bureau in Local Development Efforts" presented at the Small Cities Conference, October 20-22, 1994.

"Major Factors Influencing Central Wisconsin's Industrial Structure Change, 1980 - 1990," Wisconsin Academy of Sciences, Arts, and Letters Conference, Eau Claire, Wisconsin, April 24-26, 1992.

"Regional Business Cycle Patterns," with D. Palmini, Mid-Continent Regional Science Association Conference, Chicago, Illinois June 1, 1991.

"Diversity among U.S. Census Regions," with D. Palmini, Conference on the Small City and Regional Community, University of Wisconsin-Stevens Point, 1990.

Four students in R. Cray and D. Palmini's Econ 490 class presented a paper at the 1990 Small Cities Conference *"Diversity Within U.S. Census Regions: A State-Level Analysis of Regional Business Cycles Experiences Since World War II."* This paper was written under Palmini and Cray's close direction and is an extension of their current work. Further, the four students in the Econ 490 class received \$500 in funding from the UW-SP Student Research Fund which allowed them to present *"Diversity Within the U.S. Census Regions ..."* at the March 1990 Midwest Business Economics Association Annual Meeting in Chicago, Illinois.

"Does Integration of the National Economy Imply Convergence of Regional Business Cycle Experiences: An Empirical Test," with D. Palmini, Midwest Business Economics Association Annual Meeting, Chicago, Illinois, and March 1989.

"A Regional Economic Analysis of Central Wisconsin," with Lawrence A. Weiser, Annual Institute of Wisconsin Studies Conference, University of Wisconsin-La Crosse, October 1988

Paper Discussant

Wisconsin Economics Association Conference, Stevens Point WI, October, 20, 2006.

Mid-Continent Regional Science Association Conference, Madison, WI, June 5-8, 1996.
Also chaired session on labor markets.

Mid-Continent Regional Science Association Conference, Chicago, June 2-4, 1994.

Mid-Continent Regional Science Association Conference, Duluth, Minnesota, June 3-5, 1993. Also chaired session on health care.

Mid-Continent Regional Science Association Conference, Chicago, Illinois, June 1, 1991.

Midwest Business Economics Association Meeting, Chicago, Illinois, April 1991.

Midwest Business Economics Association Meeting Chicago, Illinois, March 1990.

Professional Presentations

Each year, Cray presents the Economic Indicator Reports for Stevens Point, Wausau, and Marshfield. For each city the attendance is approximately 60 to 80. The attendees include some of the area's most influential governmental and business persons. Cray has given about 227 of these presentations over the past 25 years.

UW-Extension Economic Development Agents of North Central Wisconsin, Annual Meeting. Economic Conditions in Wisconsin, November 17, 2010.

Central Wisconsin Progress Annual Meeting. Presented economic report on the central Wisconsin economy. The CWP includes all of Wausau's economic development agencies, June 15, 2010.

Leadership Program Group. Three hour workshop to a management group on the state of the economy. This was sponsored by UWSP Extension in Wausau, WI. June 24, 2009.

Manufacturing Management Group. Four hour workshop to a management group on the state of the economy- manufacturing. This was sponsored by UWSP Extension in Wausau, WI. December 12, 2008.

UWMC's, Wisconsin Institute for Public Policy and Service. "Globalization, the Market Economy & Its Impact on Wisconsin", with Mike Knetter and Lee Hansen of UW-Madison, Wausau, WI, November 11, 2007.

River Valley Bank. Presentation to the board of directors and major clients on the financial crisis and the economy. Wausau, WI, October 9, 2008.

Forest Product management Group. Four hour workshop to management group on the state of the economy- forest products. This was sponsored by UWSP Extension in Wausau, WI. March 7, 2008.

MidState Technical College. Presentation given to the entire MSTC faculty for strategic planning purposes- employment trends. Wisconsin Rapids, WI, January 10, 2008.

Greenheck Fan Corporation. Four hour workshop to their management team on the state of the economy- manufacturing. This was sponsored by UWSP Extension in Wausau, WI. December 14, 2007.

Wausau Homes Corporation. Four hour workshop to their management team on the state of the economy- housing. This was sponsored by UWSP Extension in Wausau, WI. January 18, 2007.

Stevens Point Human Resources Association. Economic Conditions in the State and Nation. Sentry Insurance Stevens Point, WI, April 12, 2006.

Plover Area Business Association. The Current Economic Conditions in Wisconsin. Plover, WI, January 6, 2005.

Town Hall Meeting Project. Round table discussion of the economy. SPASH Auditorium, September 21, 2004.

Wisconsin Lenders Conference. The Economic Conditions in the State and Nation. Kalahari Resort, Wisconsin Dells, WI, May 13, 2004

Portage County Certified Public Accountants. The Wisconsin and National Economy. Sentry Insurance, March 10, 2004.

North Central Labor Management Council Annual Conference. The Economic Conditions in Wisconsin. Wausau, WI, October 16, 2003.

Wisconsin Department of Revenue Forecast Advisory Council. Twice a year the council meets to discuss economic conditions at the national, state and local levels, 2002 to 2004.

Portage County United Way Steering Committee. Presented 1 ½ hours of discussion and material on the state of the national and local economies. Stevens Point, WI, July 11, 2002.

Greenheck Fan Corporation. Four hour workshop to their management team on the state of the economy- manufacturing. This was sponsored by UWSP Extension in Wausau, WI. December 5, 2003.

Greenheck Fan Corporation. Four hour workshop to their management team on the state of the economy. This was sponsored by UWSP Extension in Wausau, WI. January 17, 2003.

Golden Sands Home Builders Association. An Overview of Economic Conditions. Stevens Point, WI, October 16, 2001.

Portage County Certified Public Accountants. The Central Wisconsin Economy. Sentry Insurance, March 8, 2000.

Wisconsin Department of Workforce Development. The Economy in the Year 2000.
Wausau, WI, October 21, 1999.

Winchester Academy. Economic Conditions in the United States and Wisconsin.
Waupaca, WI, October 20, 1997.

Portage County Leadership Conference. Stevens Point, WI, 1994, 1995, 1997 and 1999.

Wausau Daily Herald. Round Table Discussion on Economic Issues, Wausau, WI.
November 13, 1997.

Marshfield Chamber of Commerce. Results of labor force survey presented to public.
Marshfield, WI, November 29, 1995.

Institute of Management Accountants and American Production and Inventory Control
Society Annual Meeting. "Economic Conditions in Central Wisconsin," May 9, 1995
at Sentry World.

Marathon County Economic Development Council. Results of labor force survey
presented to public. Wausau, Wisconsin, April 26, 1995

Portage County Chamber of Commerce and Economic Development Corporation.
Results of labor force survey presented to public. Stevens Point, Wisconsin, April 21,
1995.

Wood County Transportation and Economic Development Committee and Central
Wisconsin Private Industry Council. Results of labor force survey presented to
public. Wisconsin Rapids, Wisconsin, April 28, 1995.

Board of Directors of various Central Wisconsin Economic Development organizations.
Preliminary results of labor force project. Stevens Point, Wisconsin, April 6, 1995.

Bull's Eye Credit Union's strategic planning retreat for board of directors and employees.
"Economic Prospects in Central Wisconsin." Green Bay, Wisconsin, September 30,
1994.

Stevens Point Community Development Authority on local economy, November 17,
1993. Part of the city's strategic planning process.

Wisconsin Department of Transportation officials the Economic Benefits and Implications
of the Highway 10 project. Stevens Point, WI, April 1993.

Health Care Forum. Discussed the economics of health care and reform to over 300
people. Other panelists included state Senator David Helbach and Fritz Wenzel, CEO
of the Marshfield Clinic. UW-Marshfield Auditorium March 8, 1993

Chartered Property and Casualty Underwriters of Northern Wisconsin. Central Wisconsin Demographics, March 11, 1993.

Golden Sands Homebuilders Association. Economic Conditions in Central Wisconsin, Stevens Point, WI, November 17, 1992.

Institute of Management Accountants, Wisconsin Economy. Wausau, WI, March 10, 1992.

Economic Seminar Series sponsored by the UW-SP Division of Business and Economics. Title of seminar "*The Central Wisconsin Economy: a Decade of Change*," October 1, 1991.

U.S. Rep. Dave Obey's Congressional Hearing on the Wisconsin Economy, "*Central Wisconsin's Industrial Structure Change 1980-90*," Wausau, Wisconsin, September 20, 1991.

State Advisory Committee on the Central Wisconsin Highway 10 project, "*Infrastructure Investment and Economic Development*," January, 1991.

Center for Economic Education Workshop. "Global Economy Begins at Home." UW-Stevens Point, March 1, 1991.

Business Industry Education Conference. Presentation to the area's 700 teachers. Stevens Point Area Senior High School Auditorium, February 5, 1991.

UW-SP Social Issues Forum on the "Gulf War and Its Impact on the Economy," October, 1990.

27th Annual Conference for Wisconsin Clergy, "Business Cycles in the United States," Stevens Point, June 12, 1990.

North Central Labor-Management Council, 13th Annual Conference "The Central Wisconsin Economy During the 1980's," Mead Inn, Wisconsin Rapids, October 1989.

Personnel Club of Stevens Point/Portage County-Chamber of Commerce "Demographic and Economic Trends for Personnel Directors," Sentry Insurance, November 1989.

M&I First American National Bank of Wausau - Annual Correspondent Bank Meeting "The Changing Nature of the Wisconsin Economy". The group consisted of 21 bank presidents, Wausau WI, March 1988.

Bank One of Stevens Point-Senior Champs Program "How to Interpret Economic Data," Holiday Inn, Stevens Point WI, 1988.

Foreign Language Institute of UWSP-Japanese students from Dokkyo University "The Central Wisconsin Economy." August 1988, August 1989 and August 1990.

Stevens Point Realtor Organization - a presentation was given to approximately 25 people at Gary Nations concerning interest rates and the housing market.

Wisconsin Mortgage Bankers Association - The Central Wisconsin Economy the Outlook. Larry Weiser and Robert Enright of UWSP also spoke to the group on related issues. Wausau WI, December 1987

Referee Activities

Regional Science Perspectives, the Journal of the Mid-Continent Regional Science Association. Business Review, St. John's University of New York. Refereed numerous articles that have dealt with finance and money & banking, last in 2010.

Economic Development Quarterly. Refereed several articles that dealt with economic development strategies and market failures.

Related Research

For two years was the coordinator for the Division's Economic Seminar Series.

Approximately three times a semester guest speakers make presentations to the business and economics faculty. Speakers have included Dr. R.S. Nigam, visiting Fulbright scholar from India, and, Gerald Snow, Head Labor Analyst for the State of Wisconsin.

Conferences

American Economic Association, Chicago, Ill. January 2007.

Conference on the Small City and Regional Community, October 1, 2004, Stevens Point, Wisconsin.

Midwest Business Economics Annual Conference, 1989, 1990, 1991 and 2003 meetings in Chicago.

Wisconsin Economics Association Meeting, 1987, 1989, 1991, 1995, 1997, 2001, 2003, 2004, and 2010 at various locations: Milwaukee, Madison, Manitowoc, Wisconsin Dells and Stevens Point, WI.

Wisconsin Export Trade Conference, Stevens Point, Wisconsin, September 20, 1996 and February, 1998.

Mid-Continent Regional Science Association Conference, Madison, Wisconsin, June 5-8, 1996.

Conference on the Small City and Regional Community, Stevens Point, Wisconsin, Oct. 20-21, 1995.

Mid-Continent Regional Science Association Conference, Chicago, June 2-4, 1994.

Mid-Continent Regional Science Association Conference, Duluth, Minnesota, June 3-5, 1993.

Wisconsin Academy of Sciences, Arts, and Letters, Eau Claire, Wisconsin, April 24-26, 1992.

Mid-Continent Regional Science Association Conference, Chicago, May 30 - June 1, 1991.

Conference on the Small City and Regional Community, March 30, 1990, Stevens Point, Wisconsin.

Annual Institute of Wisconsin Studies, Conference, University of Wisconsin - La Crosse, October 1988.

Graduate School of Banking at the University of Wisconsin-Madison), three days of seminars designed to further educate professional academics about the U.S. financial system, Madison WI, (8/13/87-8/15/87)

University and Community Service

Wisconsin Department of Workforce Development. Continuing member of a group of economic analysts who assist the WDWD publish industrial sector employment projections.

Search and Screen Committee for the College of Professional Studies Dean position, spring 2010.

School of Business and Economics Strategic Planning Committee, July 2009 to Present.

University of Wisconsin- Stevens Point Accreditation Task Force 1- Mission of the University, 2006.

University of Wisconsin- Stevens Point Faculty Senator. September 2005 to May 2010.

Division of Business and Economics Rules Committee. 2001 to present.

Division of Business and Economics Executive Committee. 2001-2005.

Wisconsin Department of Revenue Forecast Advisory Council. Twice a year the council meets to discuss economic conditions at the national, state and local levels. May 15, 2002 to 2004.

Division of Business and Economics Collaborative Degree Program Committee. Circa mid to late 1990s.

University of Wisconsin-Stevens Point Competition with the Private Sector Committee, July 97 to present.

Division of Business and Economics Search and Screen Committees. Served on 11 committees 1995 – 2008.

City of Wausau's Economic Development Group. Member from November 2001 to 2003. This group met twice a year to discuss economic development issues confronting Wausau, WI.

Chair, Division of Business and Economics. July 1, 1995 to August 1, 2001.

- a. Leadership of the Division.
- b. General operation of the Division: administrative, budgetary and academic support.
- c. Maintenance of records: administrative, academic and personnel.
- d. Class scheduling.
- e. Assignment of administrative, research and teaching loads in consultation with Curricular Area representatives.
- f. Oversee required evaluations of the faculty and staff.
- g. Chairing of the Personnel Committee.
- h. Representing the Division within and outside the University.
- i. Calling and chairing Division meetings.
- j. Report to the faculty at the beginning of each academic year Division expenditures for the previous fiscal year and present a proposed budget for the current fiscal year.
- k. Report to the faculty on internal and external matters that affect the Division.
- l. Recruiting faculty and staff.

12th and 13th Annual Wisconsin Export Trade Conference. September 20, 1996, and February 6, 1998, Stevens Point, Wisconsin. In collaboration with UW-Whitewater College of Business, the conference was brought to our campus. Over 250 business leaders came to the day-long conference to learn how to increase their exporting activity. U.S. Dept. of Commerce Asst. Secretary Raymond Vickery gave the keynote luncheon address in 1996.

Federal Reserve Bank of Chicago's Midwest Economic Roundtable. Served as a member in spring of 1993 to 2003. This group of twelve to fifteen academic and business economists met three times a year in Chicago to help the Federal Reserve System better understands Seventh District economic conditions.

UWS Business School Consortium. Business Deans and Administrators met throughout the year in Madison to address issues confronting their programs, 1996-2001.

UW-System Business Deans and Administrator Consortium and Committee on System wide/Regional MBA Programs. This was an ongoing part of the UW-System Strategic Plan for Business Programs, 1996-2001.

UW-System Conference on Business Programs. The conference dealt with the formulation of the Strategic Plan for UW-system Business Programs. Green Lake, Wisconsin, October 9-10, 1995.

Division of Business and Economics Resource Planning Committee. June 1996 to 1997.

Chair, Division of Business and Economics Executive Committee. The chair of the committee is responsible for setting the agenda and the running of the monthly meeting, which deals with DBE policy.

Economics Area Coordinator. Served three two year terms, duties include economics area course scheduling, calling and chairing of economics area meetings, etc., and serving as the economics area representative on the Division of Business and Economics executive committee.

University of Wisconsin-Stevens Point Faculty Affairs Committee, September 1992 to 1993.

Highway 10 Land Use Task Force Appointed to the task force by the Wisconsin Department of Transportation. The task force examined the routing options of the new Highway 10 through the Stevens Point area. January-June 1993.

Advisory Duties: Economics Advisor to the Economic Development Corporation of Portage County. The organization met monthly to formulate strategies to help foster economic development. Membership in the organization consists of political and business leaders from the city, villages, and towns of the area, 1986-90.

Governor's Conference on Small Business. Helped to conduct a session at the conference dealing with the role of the state in economic development. The conference was held at the Elizabeth Inn, Plover WI, as part of a state-wide effort by the state government to receive input from the business community. Approximately 80 people attended the session.

Radio and TV Interviews. Interviews/programs pertained to a variety of economic issues. Examples of the topics covered were: the condition of the national, state, and regional economies; the financial crisis, the direction of interest rates; and the economic consequences globalization. The station and the approximate number of times that Cray has appeared over the past 25 years:

Wausau	WSAW Channel 7 - 60
Wausau	WAOW Channel 9 - 55
Wausau	WJFW Channel 12 - 35
Stevens Point	WSPO/WSPT AM/FM - 115
Wausau	WDEZ 102 FM - 27
Wisconsin Public Radio	WHRM 90.9 FM - 45
Wausau	WIFC 550 AM - 25
Marshfield	WDLB AM/FM - 36
Stevens Point	WMGU 105 FM - 3
Stevens Point	WIZD 99.7 FM - 31

Newspaper Interviews and CWERB Coverage. Newspaper interviews and stories concerning the CWERB covered a wide range of economic topics. The newspapers were the Stevens Point Journal, Wausau Daily Herald, Marshfield News-Herald and Milwaukee Journal-Sentinel. There have been approximately 500 articles over the past 25 years.

TV Programs. *Quarterly Economic Indicators Reports* have been televised on the local cable access channels in Wausau, Marshfield, and Stevens Point respectively. Marshfield continues to do this on a twice a year basis.

Consulting City of Stevens Point. The impact of the proposed First Financial Savings Bank addition on the downtown area. The report was written and copies given to local political and business leaders. Further, gave a presentation to the community at the Chamber of Commerce's "Business with Breakfast" meeting.

Stevens Point Area School Board. Discussed local economic development and the ramifications for school boundaries. A formal presentation was made to the School Board at the Bliss Education Center. The information was used with regard to school expansion plans, i.e. McDill Elementary.

Bank of Athens. Wrote report on the economic condition of Wausau, WI. The bank used the material as part of a package submitted to regulators in effort to open a branch in Wausau.

Valuation Research Inc. Representative from the firm contacted the CWERB and requested data and analysis of the local economy. The data were to be used by the Copps Company in its planning strategy.

Wausau Daily Herald. Elliot Tompkin, editor, requested input on the local economy. The paper wanted analysis and data in order to construct a long range strategic plan for its operation.

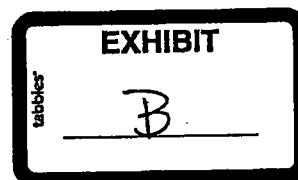
**Statement on
The Central Wisconsin Economic Research Bureau
And the Duties of the Director**

The CWERB is a nonprofit organization founded in October of 1983. Its operating budget is funded from the private sector. The major resource provided by UW-SP to the CWERB comes in the form of one quarter release time given to the director. All other resources provided by UW-SP normally accrue to a professor on this campus, e.g., telephone service and office space. The director is responsible for the funding of the CWERB, the writing of economic indicator reports and supervising an administrative assistant and/or students.

The UW-System has endorsed the recommendation from the Strategic Planning Report for Business Administration on economic development. This recommendation states that "UW-System business schools expand fund raising from the private, state, and federal sources to augment their efforts to aid in the state's economic development." The CWERB operation significantly contributes to the Division's compliance with the aforementioned.

The mission of the CWERB is to bring timely economic analysis and information to the UW-SP service area and to help foster economic development in our region. This area consists primarily of Portage, Marathon and Wood counties. This mission has been accomplished through the publication of Economic Indicator Reports. These reports are compiled and released for each county of Central Wisconsin. Furthermore, the reports contain a special section devoted to a topic of economic significance. These special reports are usually given by UW-SP faculty. Recent papers published in the *Quarterly Economic Indicators* series have dealt with tourism in Central Wisconsin, health care in the region, migration into and out of the counties of Portage, Marathon, and Wood, the high tech industry base of Central Wisconsin, and the economic significance of small business to the region.

The dissemination of the information takes place through publications and presentations. The economic and special reports are presented orally in the population centers of Central Wisconsin, i.e., Stevens Point, Wausau, and Marshfield. Attendance at each of the presentations is approximately 70 to 80. Moreover, the audiences are comprised of the business, political, and educational leaders of the counties. Lastly, substantial newspaper, radio, and television coverage of the publications and presentations has been instrumental in focusing attention on UW-SP and the Division of Business and Economics.






College of Professional Studies



CENTERGY

Central WI Alliance for Economic Development



BMO 

A part of BMO Financial Group

Central Wisconsin Economic Research Bureau

Second Quarter 2011 Economic Indicators Centergy Region

Presented
October 7, 2011

Randy F. Cray, Ph.D.
Professor of Economics
CWERB Director

Scott Wallace, Ph.D.
Associate Professor of Economics
CWERB Research Associate

James Draxler
Brittany Melby
CWERB Research Assistant

Special Report:
Medicare: A Policy in Transition

Edward Miller, Ph.D.
Professor of Political Science
University of Wisconsin Stevens Point

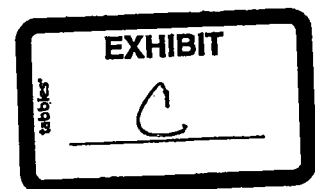


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NATIONAL ECONOMIC CONDITIONS

Due to gains in productivity and international sales, the national economy is growing as measured by Gross Domestic Product. For eight consecutive quarters, the nation's output of goods and services has expanded. However, for the last two quarters growth in Real GDP was just 0.4 percent and 1.0 percent respectively. This means that the economy is perilously close to falling into another recession. Another measure of output is industrial production. Our nation's factories increased their output by a meager 0.4 percent in second quarter. Consumer prices as measured by the overall CPI grew by 3.8 percent from August 2010 to August 2011. If energy and food are excluded the Core CPI measure rose by 2.1.

However, it is employment growth or the lack thereof that truly defines the nature of this economy. The official unemployment rate was 9.1 percent in August. As a matter of record the unemployment rate has been over 9.0 percent for over two years. If discouraged workers and part time workers are taken into account, the real unemployment rate is above 16 percent. With non-farm payrolls growing by only 1.0 percent over the past year in the US, it could take until the end of this decade before total employment reaches pre-recession levels. In addition to the poor job market, households are also hurting from the loss of wealth associated with falling real estate prices and stock market values.

The majority of past recessions in this country did not emanate from a crisis in the nation's financial system. There are few people left who remember the last economy wide financial bubble of the 1930s. From a historic perspective recessions caused by wide spread financial excess are unusually deep and their recoveries are painfully slow. Why? Most people are aware that a huge number of households are currently underwater with their mortgages or behind in their monthly house payments and other types of debt. Moreover, a huge number of important financial institutions suffered large mortgage related losses. This means the balance sheets of households and financial institutions are in great need of repair. This will take a long time to accomplish and it will not happen overnight. Until then, do not expect households or financial institutions to provide the spending and lending needed to propel the economy forward. Ben Bernanke, chairman of the Federal Reserve, has indicated repeatedly that the economic recovery will be tempered by "hard-to-get credit for consumers and businesses, and by households saving more, spending less and trimming their debt." To underscore the difficulty that households are having, consider Wisconsin. The U.S. Census Bureau reports the real inflation adjusted median household income in Wisconsin has dropped from \$57,316 in 2000 to \$49,993 in 2009, a decline of 14.5 percent! It's no wonder why the recovery has been almost non-existent. Aggravating the slow job recovery has been the growing intensity of international competition and the loss of jobs to overseas competitors.

The Federal Reserve and the vast majority of economists are revising their forecasts in a downward direction for this year and next with the probability of a double dip recession being at least 50 percent. Some economists who are more bearish about the economy, put the probability at over 60 percent for 2012. Adding to the air of pessimism is the seeming

ineffectiveness of monetary policy to stimulate the economy. With real interest rates near zero and the economy awash in liquidity, it is hard to imagine how more liquidity would convince households and businesses to engage in more economic activity. The Federal Reserve's attempt to lower long term interest via "Operation Twist" is not likely to help the short-term problems of the economy.

When it comes to fiscal policy it appears the federal government and states are more concerned with reducing budget deficits than dealing with the unemployment crisis. Raising taxes and reducing spending to close budget deficits will create an immediate drag on the economy and will most likely mean that a second recession is inevitable. Reducing government deficits is without question a necessary step in restoring the long run competitiveness of the national economy. Unfortunately the benefits from cutting spending and raising taxes to bring our economic house in order will be years away and will be a long and painful process for most Americans.

Due to increases in productivity and foreign sales, US nonfinancial business firms are making record profits and are sitting on nearly two trillion dollars of cash. Their reluctance to hire new workers is due to the uncertainty surrounding future government spending, tax, and regulatory policies. This uncertainty makes forecasting the long term demand for their products very difficult. In addition the federal government inability to come to a consensus concerning the budget has the effect of increasing business risk for firms. The nation's leaders must realize they need to put their ideologies on hold, because the inability to reach a political consensus is hurting the nation's business climate and the people of this country. It would also help to reduce uncertainty if policy changes were made permanent.

After my presentation Dr. Edward Miller will speak on "Medicare: A Policy in Transition." Medicare is a very large part of the federal government budget. Any attempts to address the budget deficit must include discussion of how to bring Medicare spending under control. So I think it is very important that we examine Medicare, a program that will affect almost everyone in this country.

TABLE 1 NATIONAL ECONOMIC STATISTICS	2010 Second Quarter	2011 Second Quarter	Percent Change
Gross Domestic Product (Billions)	\$14,678	\$14,958	+1.9
Real Gross Domestic Product (Billions of 2000 \$)	\$13,058.5	\$13,260.5	+1.5
Industrial Production (2002 = 100)	92.5	93.5	+0.9
Three Month U.S. Treasury Bill Rate	0.17%	0.03%	-84.8
Consumer Price Index (1982-84 = 100)	213.1	221	+3.8

CENTERGY REGION PART I

Table 2, the unemployment rate in the Centergy Region is unchanged from a year ago. The region's unemployment rate remained at 8.3 percent in June 2011, the same rate recorded in June 2010. Marathon County's unemployment rate actually fell from 8.7 percent to 8.1 percent over the past year. However, the unemployment rate in Portage and Wood rose over the same period and now stand at 8.0 percent and 8.8 percent respectively. Wisconsin's unemployment

TABLE 2 UNEMPLOYMENT RATE CENTERGY REGION	Unemployment Rate June 2010	Unemployment Rate June 2011	Percent Change
Centergy Region	8.3%	8.3%	0
Portage County	7.6%	8.0%	+4.4
Marathon County	8.7%	8.1%	-6.9
Wood County	8.4%	8.8%	+4.1
Wisconsin	8.1%	9.1%	+12.7
United States	9.6%	9.3%	-3.1

*Centergy Region = Marathon, Portage, and Wood Counties

rate for all intent and purpose stayed the same at 8.1 percent. The U.S. unemployment rate edged lower from 9.6 percent to 9.3 percent. Thus, the data in Table 2 shows the persistence of a weak labor market.

More evidence of the lingering impact of the recession impact can be seen in Table 3. The Centergy Region's employment level rose ever so slightly from 141.3 thousand to 141.9 thousand or by just 0.4 percent over the last twelve months. In contrast to this in June 2008 the Centergy Region's total employment was 151.7 thousand.

TABLE 3 EMPLOYMENT CENTERGY REGION	Total Employment June 2010 (Thousands)	Total Employment June 2011 (Thousands)	Percent Change
Centergy Region	141.3	141.9	+0.4
Portage County	36.2	36.8	+1.7
Marathon County	37.9	37.9	-0.0
Wood County	37.2	37.2	-0.1
Wisconsin	2,324.5	2,352.3	+1.2
United States	139,882	140,129	+0.2

*Centergy Region = Marathon, Portage, and Wood Counties

Similarly, the state of Wisconsin's payrolls climbed from 2.82 million to 2.85 million from June 2010 to June 2011. However, in June 2008 the state's payrolls were estimated to be 2.93 million. There was a slight improvement in U.S. employment from 139.88 million to 140.13 million or by 0.2 percent. But in June 2008 the figure for the U.S. was 145.92 million. This means the national economy has yet to recover over five million lost jobs!

TABLE 4 SALES TAX DISTRIBUTION CENTERGY REGION	2010 Second Quarter (Thousands)	2011 Second Quarter (Thousands)	Percent Change
Centergy Region	\$4,705.4	\$4,708.1	+0.0
Marathon County	\$2,325.4	\$2,394.5	+3.0
Portage County	\$1,221.1	\$1,222.3	+0.1
Wood County	\$1,155.9	\$1,176.3	+1.8

*Centergy Region = Marathon, Portage, and Wood Counties

There is some evidence that the retail scene is making a tentative come back. Table 4 shows this to be the case for sales tax collections in the Centergy Region. Sales tax receipts rose from \$4.71 million to \$4.79

million over the course of the year, an increase of 1.9 percent. In June 2008 the sales tax collections in the Centergy region was \$5.07 million. The impact of the recession and the painfully slow recovery is evident in the numbers and says that retail activity has a long way to go before a full recovery is reached.

Some good news is reported in Table 5. As mentioned earlier in the report there are some tentative signs of improvement in the economy when we compare this year's statistics to last year's results. The CWERB's survey of region business executives in Table 5 shows there has been a great deal of stability in their assessment of economic conditions. Even though this group feels that recent changes in the economy have resulted in little improvement locally, they do believe that the economy will improve in the next several quarters. Specifically, the group indicates the national economy will grow, the local economy will strengthen, and most importantly that economic conditions for their business will improve in the quarters ahead.

TABLE 5 BUSINESS CONFIDENCE CENTERGY REGION	Index Value	
	March 2011	June 2011
Recent Change in National Economic Conditions	69	63
Recent Change in Local Economic Conditions	56	55
Expected Change in National Economic Conditions	67	69
Expected Change in Local Economic Conditions	67	66
Expected Change in Industry Conditions	65	63

The Centergy Region is a subset of the Wisconsin economy. Thus, it is very instructive to

TABLE 6: WISCONSIN EMPLOYMENT CHANGE BY SECTOR	Employment June 2010 (Thousands)	Employment June 2011 (Thousands)	Percent Change
Total Nonfarm	2779.7	2819.9	+1.4
Total Private	2355.4	2399.5	+1.9
Natural Resources and Mining	3.2	3.3	+3.1
Construction	101.9	99.1	-2.7
Manufacturing	486.5	453.3	-6.8
Trade, Transportation, and Utilities	512.9	518.8	+1.2
Information	40.7	47.6	+17
Financial Activities	158.9	155.3	-2.3
Professional and Business Services	270.9	279.9	+3.3
Educational and Health Services	417.8	425.0	+1.7
Leisure and Hospitality	268.8	274.6	+2.2
Other Services, exc. Public	138.8	147.0	+5.9
Government	424.3	420.4	-0.9

examine what is taking place in the state. Table 6 shows total nonfarm employment in Wisconsin. Total nonfarm employment went up from 2.78 million to 2.82 million or 1.4 percent from last year. However, it should be pointed out that in June 2008 the state's non-farm employment total stood at 2.92 million. Thus, we have a long way to go in the recovery.

The largest decline was in government where the number of jobs shrank from 424.3 thousand to 420.4 thousand a loss of about 24 thousand positions. The only

other sector to experience decline other than government employment was the construction sector. Employment there fell from 101.9 thousand to 99.1 thousand or 2.7 percent. All other sectors experienced employment gain.

Figures 1-6 give the reader insight as to how the state of Wisconsin has fared over the past four and a half years. From the figures it is also possible to see the seasonality in the data series and to determine where the turning points of the economy have been. Moreover, as mentioned in an earlier Centergy Report Figure 1 shows that it was about middle to late 2008 when the recession hit Wisconsin's employment numbers. The same thing can be said for Figures 2 and 3 where the unemployment level and unemployment rate shot up in the mid to late 2008. Lastly and as mentioned in previous reports, Figure 5 depicts the dramatic rise in Education & Health Services employment and Figure 6 shows how the manufacturing employment has fared over the past five years and the structural changes taking place in this important sector.

Figure 1: Employment Level: Wisconsin

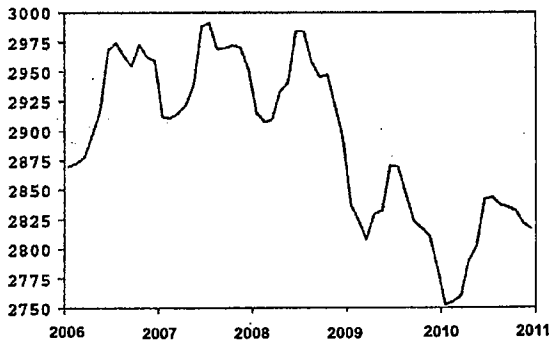


Figure 2: Unemployment Level: Wisconsin

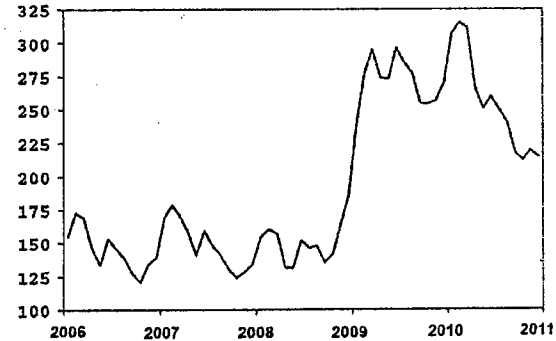


Figure 3: Unemployment Rate: Wisconsin

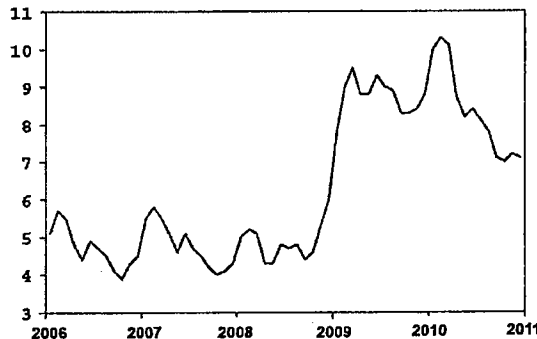


Figure 4: Labor Force: Wisconsin

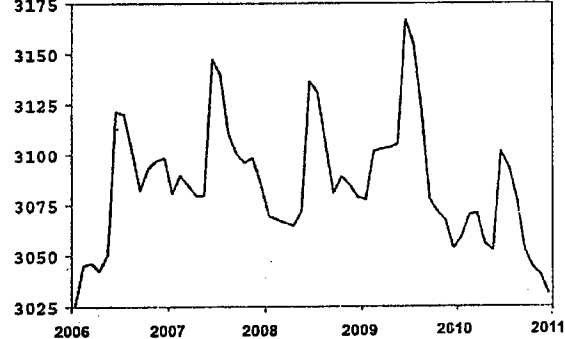


Figure 5: Manufacturing Employment: Wisconsin:
Thousands of Persons

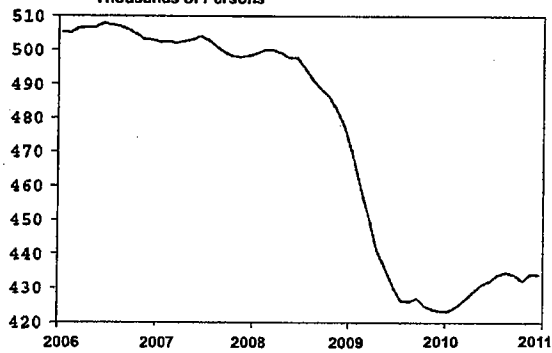
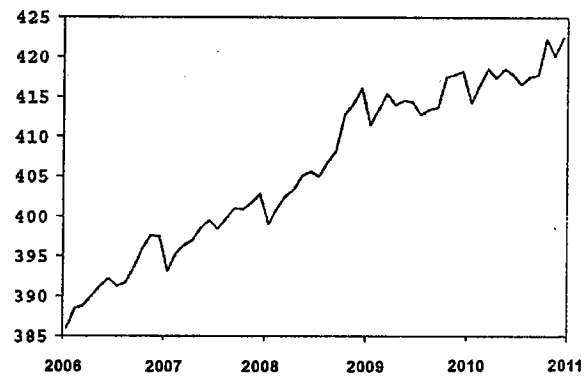


Figure 6: Wisconsin: Education and Health Services: Thousands



CENTERGY REGION PART II

The number of unemployed people in the Centergy Region decreased from 12.8 thousand to 10.3 thousand from June 2010 to June 2011, as shown in Table 7. This represents a 19.3 percent change over the past twelve months. Marathon and Wood experienced large declines in the number of people out of a job. Only Portage registered an increase in unemployment. However, the recent improvement must be put into the proper context. In June 2008 the

TABLE 7 UNEMPLOYMENT CENTERGY REGION	Unemployment June 2010 (Thousands)	Unemployment June 2011 (Thousands)	Percent Change
Centergy Region	12,861	10,382	-19.3
Portage County	2,989	3,185	+6.6
Marathon County	6,437	5,232	-19.0
Wood County	3,415	2,755	-19.3

number of unemployed in the Centergy Region was just 7.7 thousand. This statistics indicates that a significant increase in the level of family financial distress has taken place in our area.

Table 8, labor market conditions can be assessed by a variety of methods. For example, the employment figures and the unemployment rates are often used in this way. Another approach is to examine the amount of help wanted advertising taking place in a region. As shown in Table 8, Centergy Region's help wanted advertising index rose from 468 to over the past twelve months. This represents a 29 percent increase in web based help wanted advertising and indicates the degree of turnaround in our local labor markets. The gain in help wanted advertising was fairly uniform across the four major urban areas in Central Wisconsin.

Table 8 Help Wanted Advertising	Index Value		
	Fourth Quarter 2010	First Quarter 2011	Percent Change
Centergy Region	468.25	605.21	+29.1%
Stevens Point	354.50	398.30	+12.4%
Wausau	395.25	522.24	+32.1%
Marshfield	385.00	525.00	+36.4%
Wisconsin Rapids	199.75	269.31	+34.8%

Table 9 gives unemployment claims data and it clearly shows there has been recent improvement in this measure. New unemployment claims have declined from 1,201 to 1,074 or

10.5 percent. Likewise total unemployment claims have declined from 15,248 to 14,493 in the Centergy Region. Once again to put this into context in June 2008 the number of new claims was 804 and the total number of claims was just 5,127 in the region. Thus 2011 total unemployment claims are three times greater than three years ago. The elevated numbers mean there has been a substantial rise in the level of local family financial distress.

TABLE 9 UNEMPLOYMENT CLAIMS CENTERGY REGION	2010 Second Quarter (Weekly Avg.)	2011 Second Quarter (Weekly Avg.)	Percent Change
New Claims	1,201	1,074	-10.5
Total Claims	15,248	14,493	-5.0

Table 10 presents public assistance claims in the Centergy Region. The number of claims rose from 478 to 541 or 13.2 percent. Likewise, Marathon and Wood County experienced gains of 13.7 and 21.5 percent respectively. Only Portage County registered a decline in public assistance, falling by 9.0 percent. Thus, overall, the Centergy Region experienced an increase in family financial distress.

TABLE 10 PUBLIC ASSISTANCE CLAIMS* CENTERGY REGION	2010 Second Quarter Total Caseload	2011 Second Quarter Total Caseload	Percent Change
Centergy Region	478	541	+13.2
Marathon County	161	183	+13.7
Portage County	89	81	-9.0
Wood County	228	277	+21.5

* Data according to W-2 total caseload (April, May, and June) with payment placement and without payment placement.

* Centergy Region = Marathon, Portage, and Wood Counties

Centergy Region Part III

The following seven tables contain information on the national, regional, and local housing market. Housing activity is an incredibly important aspect of the economy. We believe the reader will gain valuable insight into housing markets conditions and greater insight into the local economy in section III of the report.

TABLE 11 NATIONAL MEDIAN HOME PRICES	SECOND QUARTER 2011				
	U.S.	NORTHEAST	MIDWEST	SOUTH	WEST
2006	\$221,500	\$227,100	\$167,800	\$169,700	\$242,900
2007	219,000	279,100	165,100	179,300	335,000
2008	169,100	289,100	154,100	169,200	271,500
2009	172,500	240,500	144,100	153,000	211,100
2010	172,000	245,500	145,800	150,100	215,100
June 2011 p	175,600	258,300	145,400	154,800	205,900

Table 11 gives national median home price for the U.S. and major regions in the U.S. housing prices in the Midwest are the lowest in the country. The median home price in our part of the country has dropped from \$167,800 in 2006 to \$145,400 in 2011, a decline of 13 percent. Housing prices

have declined dramatically in all parts of the U.S.

Table 12 National and the Midwest existing home sales data shows a substantial drop off in sales activity over the past six years. In the Midwest 1,483,000 homes were sold in 2006. The preliminary estimate for 2011 is that only 1,040,000 homes will be sold in our part of the county, a decline of 33 percent.

TABLE 12 NATIONAL EXISTING HOME SALES	SECOND QUARTER 2011				
	U.S.	NORTHEAST	MIDWEST	SOUTH	WEST
2006	6,423,000	1,008,000	1,483,000	2,399,000	1,533,000
2007	5,652,000	1,006,000	1,327,000	2,235,000	1,084,000
2008	4,915,000	740,000	1,229,000	1,855,000	1,091,000
2009	5,156,000	868,000	1,163,000	1,914,000	1,211,000
2010	4,913,000	802,000	1,076,000	1,831,000	1,154,000
June 2011 p	4,840,000	730,000	1,040,000	1,870,000	1,190,000
*Annualized Basis					

TABLE 13 NATIONAL INVENTORY	SECOND QUARTER 2011	
	INVENTORY	MONTH SUPPLY
2006	3,450,000	6.6
2007	3,974,000	8.9
2008	3,700,000	10.4
2009	3,283,000	8.8
2010	3,560,000	9.9
June 2011 p	3,717,000	9.2

The national inventory of homes is given in Table 13. The inventory backlog is up to 9.2 months. In 2006 the national supply of homes was only 6.5 months.

Table 14 presents the national affordability index. Low interest rates and falling home prices have greatly improved the affordability of homes. The preliminary estimate for 2011 of 174.4 means that a household earning the median income has 174.4 percent of the income necessary to qualify for a conventional loan covering 80 percent of a medium-priced existing single-family home. The higher the index, the more affordable housing is becoming for the typical family.

TABLE 14 NATIONAL AFFORDABILITY INDEX	SECOND QUARTER 2011						
	MEDIAN PRICED EXISTING SINGLE FAMILY HOME	MORTGAGE RATE	MONTHLY PAYMENT P & I PAYMENT	AS A % OF INCOME	MEDIAN FAMILY INCOME	QUALIFYING INCOME	COMPOSITE
2007 r	217,200	6.52	1,104	21.2	51,176	24,292	115.4
2008 r	196,600	6.15	958	18.1	63,366	45,984	137.8
2009 r	172,100	5.11	781	14.3	61,249	38,048	171.6
2010 r	173,200	4.89	735	14.3	61,583	35,280	174.6
June 2011 p	173,100	4.25	735	14.3	61,583	35,280	174.4

P&I = Principal and Interest
Composite = measures affordability. For example for the year 2011, the index of 174.4 means a family earning the median family income has 174.4 percent of the income necessary to qualify for a conventional loan covering 80 percent of a median-priced existing single-family home.

Table 15 displays data on state and local area median prices. For the most part state and local area prices have been more stable than the U.S. as a whole. In the Centergy Region the lowest median home price is in Wood County at \$92,600. Portage has the highest priced homes at \$136,000 and Marathon falling somewhere between other the two counties.

TABLE 15 LOCAL AREA MEDIAN PRICE	WISCONSIN	MARATHON	PORTAGE	WOOD
2008	\$154,000	\$124,500	\$136,000	\$92,000
2009	142,500	126,800	132,000	94,500
2010	141,000	102,000	132,500	92,000
2011	132,682	114,000	136,000	92,600

Table 16 gives the number of local housing units sold. The state and the counties of the Centergy Region have all experienced substantial declines in the number of units sold. Home sales on a yearly basis have contracted by approximately 38 percent in Wisconsin over the past four years.

TABLE 16 LOCAL UNITS SOLD	WISCONSIN	MARATHON	PORTAGE	WOOD
2008	51,924	1,142	532	682
2009	55,132	1,090	532	714
2010	51,262	1,072	574	620
2011	36,828	727	329	398

Tables 17 and 18 present the changes that have taken place in the local median prices and units sold, and compare second quarter 2010 to second quarter 2011.

TABLE 17 LOCAL MEDIAN PRICE	SECOND QUARTER 2011		
	MARATHON	PORTAGE	WOOD
Second Quarter 2010	129,000	164,695	91,000
Second Quarter 2011	118,000	132,000	113,900
Percent Change	-8.5%	-19.9%	25.2%

TABLE 18 NUMBER OF HOME SALES	SECOND QUARTER 2011		
	MARATHON	PORTAGE	WOOD
Second Quarter 2010	132	70	74
Second Quarter 2011	109	47	77
Percent Change	-17.4%	-32.9%	4.1%

Centergy Region Part IV

Measuring Entrepreneurial Activity as Potential Measure of Job Growth

UWSP Small Business Development Center
Vicki Lobermeier, SBDC Director of Entrepreneurship Activities
Mary Wescott, SBDC Counseling Manager

According to a March 2011 release from the Ewing Marion Kauffmann Foundation report on the index of entrepreneurial activity, more Americans chose entrepreneurship during the recent recession than at any time in the previous 15 years. The economy and high unemployment rates may have led individuals to start businesses, but most of them started as non-employer entities, which are companies that do not hire employees.

According to the same index, 0.34 percent of American adults created a business per month in 2010, or 565,000 new businesses, a rate that remained consistent with 2009. This rate represents the highest level of entrepreneurship over the past decade and a half. In contrast, the quarterly employer firm rate has dropped from 0.13 percent in 2007 to 0.10 percent in 2010.

Entrepreneurial activity is closely linked to job growth. Many studies indicate that entrepreneurs and startup companies are the source of most new jobs in the United States.

The Kauffman index stress the following three measures:

- **New Business Development** – New incorporations and LLC formations
- **Access to Capital** – US Small Business Administration Loans
- **Intellectual Property Creation** - Patents issued to individuals and companies

We'll use these measures to show entrepreneurial activity in the Portage, Marathon and Wood Counties for the second quarter of 2010 compared to the second quarter of 2011. In future reports we'll continue to benchmark these measures.

Please note that New Business Development includes only separate legal entities of LLC and Incorporations and does not include formations of sole proprietors.

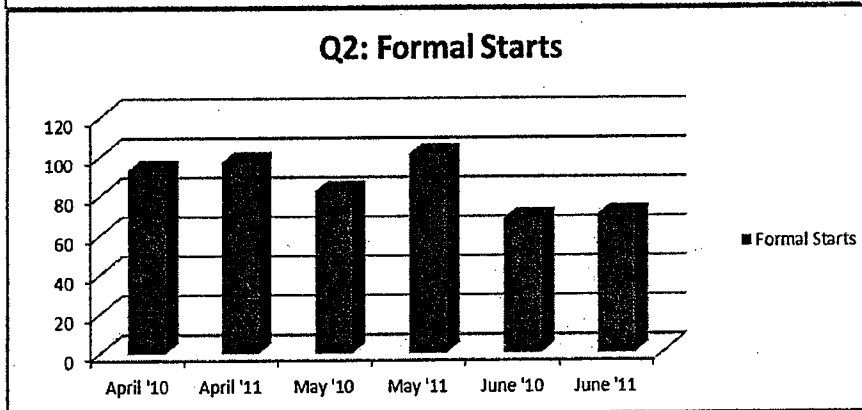
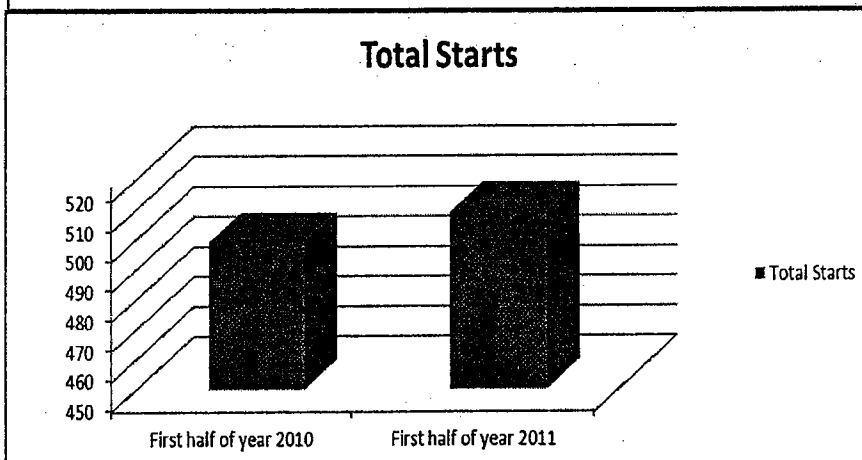
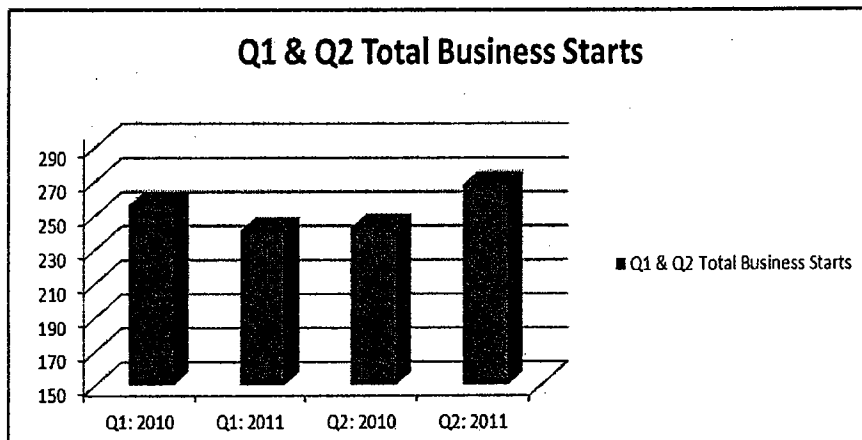
Additional reports available are reports from Economic Modeling Specialists, EMSI, which projects job growth by industry and impacts of job loss by industry.

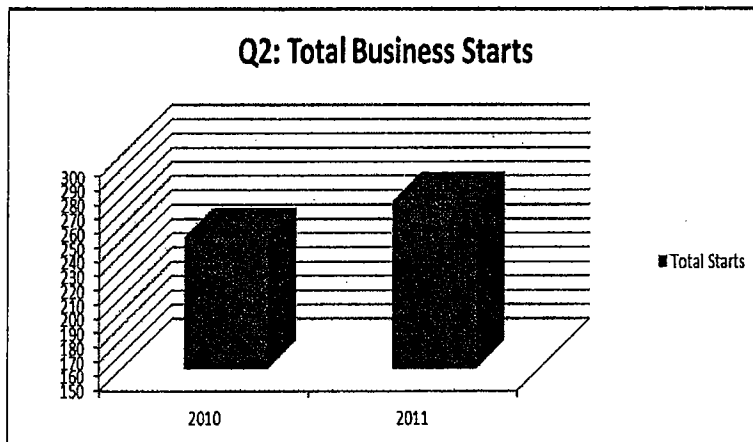
New Business Development

2010 Total Business Starts: Approximately 230

2011 Total Business Starts: Approximately 260

Second quarter 2011 there were a total of 275 new business entities created. Second quarter 2010 there were a total of 260 new business entities created.

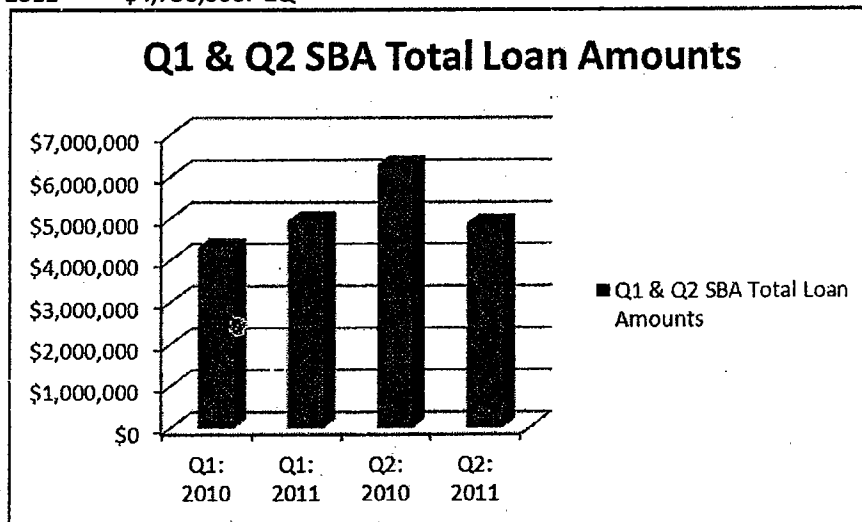


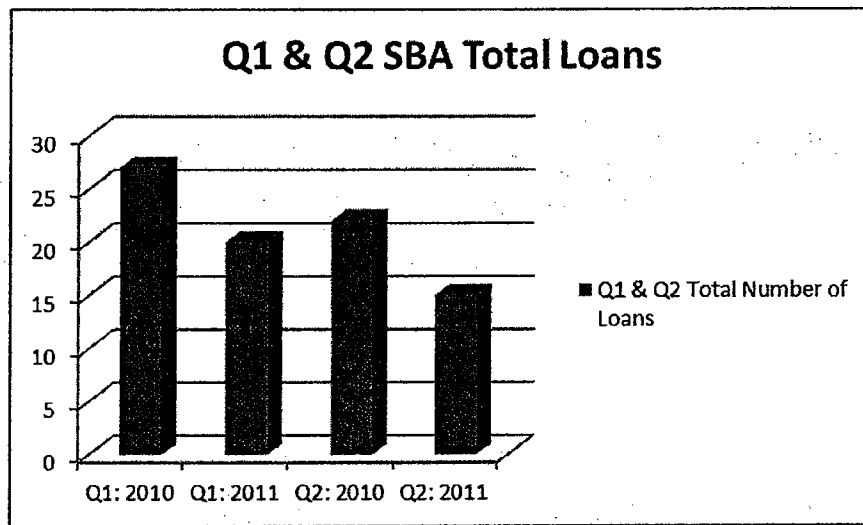


Access to Capital

In our 3-county region, SBA Total Loan Amounts for 2nd quarter 2011 were about \$1.25 million lower than the second quarter of 2010 while the total number of loans decreased from 22 to 13. About 6 million dollars in SBA loans were issued in the second quarter of 2010 compared to 4.75M in 2011. Also, the number of loans was fewer in 2011.

2010 \$6,000,000: 2Q
 2011 \$4,750,000: 2Q





Intellectual Property Creation

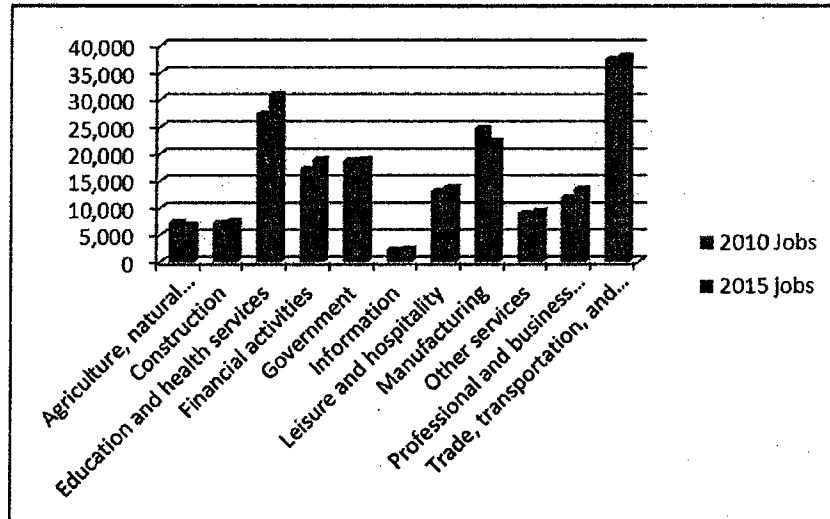
During the first quarter of 2011, 419 patents were issued in Wisconsin. Of those, 3 were assigned to companies in the three-county area of Portage, Marathon and Wood. Another 3 patents were created by local inventors, but assigned to WI companies outside of our area. The patents assigned to local companies were vehicle, equipment, or agricultural related.

Industries Projected for Job Growth

According to EMSI software data compilations, the total number of jobs in the three county areas will rise by 832 positions between 2005 and 2015. Growth is projected for education and health services, professional and business services, and leisure and hospitality.

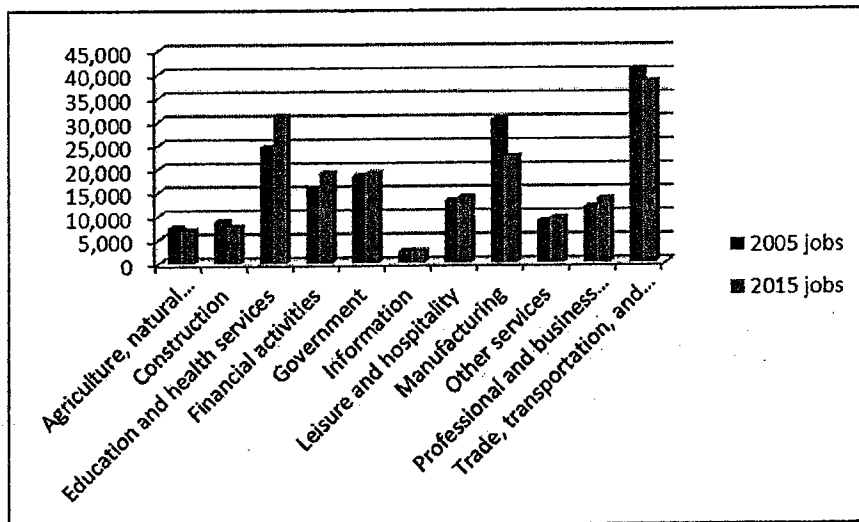
Industries Projected for Growth 2010 - 2015

Description	2010 Jobs	2015 jobs	Growth	%
Agriculture, natural resources, and mining	7,484	6,992	-492	-7
Construction	7,260	7,708	448	6
Education and health services	27,327	31,052	3,725	14
Financial activities	17,235	18,979	1,744	10
Government	18,816	18,899	83	0
Information	2,320	2,421	101	4
Leisure and hospitality	13,091	13,864	773	6
Manufacturing	24,739	22,408	-2,331	-9
Other services	9,058	9,487	429	5
Professional and business services	11,986	13,511	1,525	13
Trade, transportation, and utilities	37,529	38,186	657	2
Total	176,844	183,507	6,663	4



Industries Projected for Growth 2005 – 2015

Description	2005 jobs	2015 jobs	growth	%
Agriculture, natural resources, and mining	7,591	6,992	-599	-8
Construction	8,920	7,708	-1,212	-14
Education and health services	24,579	31,052	6,473	26
Financial activities	15,832	18,979	3,147	20
Government	18,394	18,899	505	3
Information	2,480	2,421	-59	-2
Leisure and hospitality	13,125	13,864	739	6
Manufacturing	30,307	22,408	-7,899	-26
Other services	8,808	9,487	679	8
Professional and business services	11,789	13,511	1,722	15
Trade, transportation, and utilities	40,851	38,186	-2,665	-7
Total	182,675	183,507	832	0



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United States District Court

Eastern District of Wisconsin

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Docket Text:

AFFIDAVIT of Randy F. Cray . (Attachments: # (1) Exhibit Vita of Randy F. Cray, Ph.D., # (2) Exhibit Statement on CWERB and Duties of the Director, # (3) Exhibit CWERB Second Quarter 2011 Economic Indicator report)(Hassett, P)

2:11-cv-00562-JPS-DPW-RMD Notice has been electronically mailed to:

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